

23 October 2014

Mr Jack Fitcher
Chief Financial Officer (Acting)
Australian Energy Market Operator
GPO Box 2008
Melbourne VIC 3001

Email: StakeholderRelations@aemo.com.au

Dear Mr Fitcher,

RE: Energy Consumers Australia Notice of Consultation

The Energy Retailers Association of Australia (ERAA) welcomes the opportunity to provide comments in response to the Australian Energy Market Operator's (AEMO) Energy Consumers Australia Notice of Consultation (**the Consultation**).

The ERAA represents the organisations providing electricity and gas to almost 10 million Australian households and businesses. Our member organisations are mostly privately owned, vary in size and operate in all areas within the National Electricity Market (NEM) and are the first point of contact for end use customers of both electricity and gas.

The ERAA supports the proposed methodology and recovery process outlined in the Consultation paper to recover the fees to fund Energy Consumers Australia (ECA). The proposed methodology allocates the costs of ECA based on a Financially Responsible Market Participant's (FRMP) small customer connection points.¹ The ECA has been established to represent the interests of residential and small business consumers and therefore the cost recovery methodology equitably recovers from the segment that benefits from ECA. To utilise the current Consumer Advocacy Panel methodology based on a per-Megawatt hour rate from all customers would disproportionately allocate costs to large customers, an inequitable outcome as they will not benefit directly from ECA.

Recovery process

The ERAA notes the proposal for AEMO to leverage the Market Settlement and Transfer Solutions (MSATS) application to determine a FRMP's small connection points. The use of this application will allow the recovery process to commence as of 1 January 2015.² The ERAA seeks clarification from AEMO as to how they will ensure that a retailer's small customer connection points total is accurate for the calculation of the retailer's ECA charges.

The ERAA understands that a significant number of National Metering Identifiers (NMI) do not currently appear in MSATS, specifically where customers have not selected a new retailer since the commencement of retail contestability. Provided that this is taken into account when allocating the costs to ensure a fair and equal allocation amongst retailers, the ERAA is comfortable with the approach outlined in the Consultation.

¹ AEMO Energy Consumers Australia Notice of Consultation, p.4

² Ibid, p.4



Should you wish to discuss the details of this submission, please contact me on (02) 8241 1800 and I will be happy to facilitate such discussions with my member companies.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Cameron O'Reilly', written in a cursive style.

Cameron O'Reilly
CEO
Energy Retailers Association of Australia